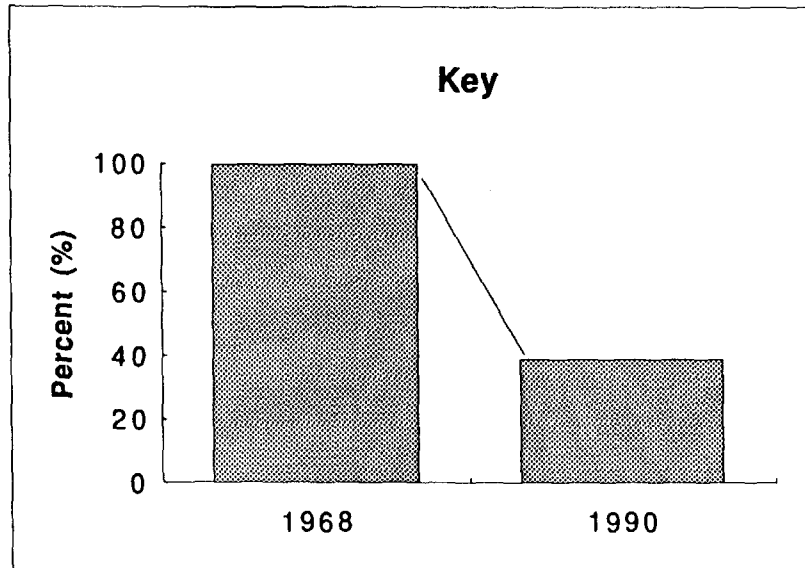


LINES BY OLD GTE/CONTEL ENTITIES

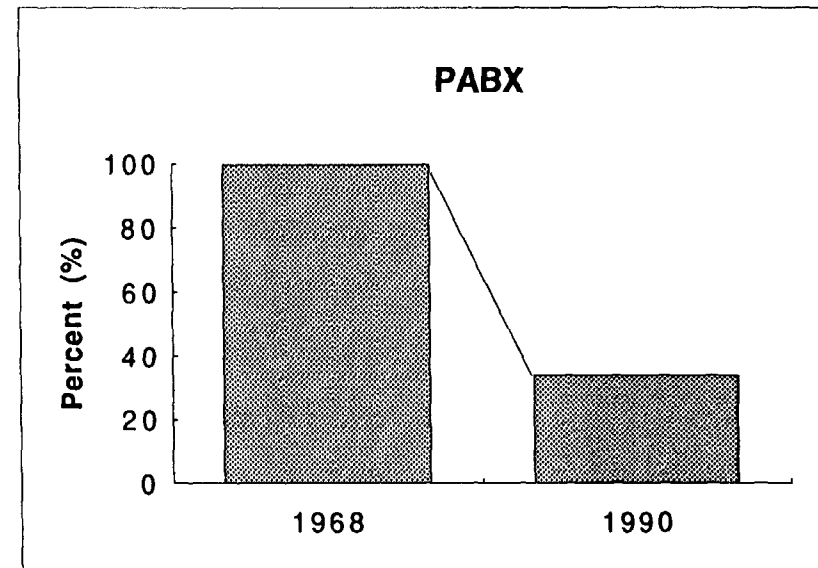
	GTE FL	GTE SO	GTE NO	GTE SW	GTE CA	GTE NW	GTE HI	Contel
Number of lines: (000s)	1760	1102	3338	1335	3365	889	564	2589
Per cent of lines:	12	7	22	9	23	6	4	17

ATTACHMENT G

GTE FRANCHISED MARKET- CPE SHARE



Source: GTE Bus Trac 3/90



Source: GTE Bus Trac 4/90

Note: Excludes Contel

G

ATTACHMENT H

STATISTICAL COMPARISON OF GTE vs. BOCs

The following tables and accompanying narrative provide a simple, but telling, comparison of serving territories between GTE and each BOC. Each comparison consists of three parts -- a table which shows how many loops¹ are served by the BOC and by GTE in the states served by the BOC, a table which shows what GTE would look like if it served in only as many states as the BOC and if those were GTE's biggest (measured in terms of loops) states, and a narrative that discusses salient points illustrated by the tables.

The tables showing loops served in the states served by the BOCs (Table A) illustrate that in every state served by a BOC, the BOC serves substantially more loops than GTE. Indiana is the state with the lowest ratio of BOC (Ameritech) loops to GTE loops, 2.3:1. The ratios vary up to 431.2:1 in Kansas. The weighted average ratio is 7.3:1. These tables illustrate the density advantages enjoyed by the BOCs compared to GTE in every state served by a BOC.

The tables showing what GTE would look like if it served only in as many states as the BOC and if those were GTE's biggest states (Table B) illustrate that, with the exception of U S West,² the BOC concentrations are significantly greater than comparable GTE concentrations. Again, GTE's lack of similarity to the BOCs is

¹ Source: National Exchange Carrier Association data for 1990.

² This seeming similarity between U S West and the fourteen largest GTE states is discussed further in Attachment I.

demonstrated, even using GTE's largest serving areas. The following table summarizes the Table B results.

LOOPS SERVED			
	<u>BOC States</u>	<u>GTE Largest States³</u>	<u>Ratio (BOC:GTE)</u>
Ameritech	16,124,689	8,150,086	1.98:1
Bell Atlantic	17,310,352	9,403,285	1.84:1
BellSouth	18,028,722	10,507,618	1.72:1
NYNEX	15,114,613	8,803,395	1.72:1
Pacific Telesis	14,032,957	5,391,408	2.60:1
Southwestern Bell	11,868,265	8,150,086	1.46:1
U S West	12,548,900	12,530,054	1.00:1
Average	15,004,071	8,990,847	1.67:1

Items of note in the narrative include the following:

1. Ameritech serves more loops in its smallest state (Indiana) than GTE serves in each of thirty-eight states.
2. BellSouth serves more loops in its smallest state (Mississippi) than GTE serves in each of thirty-seven states.
3. An area that Pacific Telesis describes as "consist(ing) of sparsely populated rural areas" would be one of GTE's largest serving areas.
4. Southwestern Bell serves five times as many loops as GTE in Texas, GTE's third largest state.

³ For comparison purposes with each BOC, this column shows the loops served by GTE in its largest states. The number of states in each comparison equals the number of states served by the BOC.

GTE vs Ameritech

**Table A - AM
LOOPS SERVED**

	<u>Ameritech</u>	<u>GTE</u>	<u>Ratio (BOC:GTE)</u>
Illinois	5,306,250	704,046	7.5:1
Michigan	4,152,442	514,798	8.1:1
Ohio	3,284,331	653,630	5.0:1
Wisconsin	1,728,611	362,729	4.8:1
Indiana	1,653,055	720,690	2.3:1
Total	16,124,689	2,955,893	5.5:1

**Table B - AM
LOOPS SERVED**

<u>Ameritech</u>		<u>GTE</u>	
Illinois	5,306,250	California	3,690,036
Michigan	4,152,442	Florida	1,701,372
Ohio	3,284,331	Texas	1,333,942
Wisconsin	1,728,611	Indiana	720,690
Indiana	1,653,055	Illinois	704,046
Total	16,124,689		8,150,086
Other States	None	35 Other States	6,917,025 45.9%

Even though GTE has a concentration of customers in the five Ameritech states, Ameritech serves five and one-half times as many loops as GTE in those states. Ameritech serves more loops in its smallest state than GTE serves in thirty-eight

states. Although GTE serves almost three million loops in these states, its largest exchange is Fort Wayne, Indiana. Forty-six percent of GTE's loops are in states other than GTE's top five.

GTE vs Bell Atlantic

Table A - BA

LOOPS SERVED

	<u>Bell Atlantic</u>	<u>GTE</u>	<u>Ratio (BOC:GTE)</u>
Pennsylvania	5,175,050	509,916	10.1:1
New Jersey	4,825,756	0	-
Maryland	2,815,958	0	-
Virginia	2,576,771	388,974	6.6:1
Dist. of Columbia	832,391	0	-
West Virginia	674,760	89,475	7.5:1
Delaware	409,666	0	-
Total	17,310,352	988,365	17.5:1

**Table B - BA
LOOPS SERVED**

<u>Bell Atlantic</u>		<u>GTE</u>	
Pennsylvania	5,175,050	California	3,690,036
New Jersey	4,825,756	Florida	1,701,372
Maryland	2,815,958	Texas	1,333,942
Virginia	2,576,771	Indiana	720,690
Dist. of Columbia	832,391	Illinois	704,046
West Virginia	674,760	Ohio	653,630
Delaware	409,666	Hawaii	599,569
Total	17,310,352		9,403,285
Other States	None	33 Other States	5,663,826 37.6%

Bell Atlantic serves far more loops than GTE in each of the seven jurisdictions Bell Atlantic serves. Bell Atlantic is far more concentrated than GTE (88.9% of Bell Atlantic's loops are in Pennsylvania, New Jersey, Maryland or Virginia, whereas the top four GTE states are spread out over the United States and account for only 49.4% of GTE's loops). Thirty-eight percent of GTE's loops are in states other than GTE's top seven.

GTE vs BellSouth

Table A - BS

LOOPS SERVED

	<u>BellSouth</u>	<u>GTE</u>	<u>Ratio (BOC:GTE)</u>
Florida	4,537,277	1,701,372	2.7:1
Georgia	2,789,311	266,699	10.5:1
Tennessee	2,026,066	52,335	38.7:1
Louisiana	1,823,457	0	-
North Carolina	1,682,371	235,055	7.2:1
Kentucky	1,596,094	384,010	4.2:1
Alabama	1,510,165	207,364	7.3:1
South Carolina	1,094,738	151,840	7.2:1
Mississippi	969,243	0	-
Total	18,028,722	2,998,675	6.0:1

**Table B - BS
LOOPS SERVED**

<u>BellSouth</u>		<u>GTE</u>		<u>Ratio (BOC:GTE)</u>
Florida	4,537,277	California	3,690,036	1.2:1
Georgia	2,789,311	Florida	1,701,372	1.6:1
Tennessee	2,026,066	Texas	1,333,942	1.5:1
Louisiana	1,823,457	Indiana	720,690	2.5:1
North Carolina	1,682,371	Illinois	704,046	2.4:1
Kentucky	1,596,094	Ohio	653,630	2.4:1
Alabama	1,510,165	Hawaii	599,569	2.5:1
South Carolina	1,094,738	Washington	589,535	1.9:1
Mississippi	969,243	Michigan	514,798	1.9:1
Total	18,028,722	31 Other States	10,507,618	
Other States	None		4,559,493	
			30.3%	

BellSouth is six times GTE's size in the nine states BellSouth serves. There is some similarity of BellSouth's top three states to GTE's top three states (BellSouth is 1.2 to 1.6 times GTE), but BellSouth's size differential increases for the next six states (BellSouth is a consistent 1.9 to 2.5 times GTE). GTE serves an additional thirty-one states, totaling 30% of GTE's loops. BellSouth has more loops in its smallest state than GTE has in thirty-seven states.

GTE vs NYNEX

Table A - NY

LOOPS SERVED

	<u>NYNEX</u>	<u>GTE</u>	<u>Ratio (BOC:GTE)</u>
New York	9,554,670	236,133	40.5:1
Massachusetts	3,602,087	0	-
New Hampshire	586,119	9,650	60.7:1
Maine	561,824	42,550	13.2:1
Rhode Island	542,666	0	-
Vermont	267,247	34,369	7.8:1
Total	15,114,613	322,702	46.8:1

**Table B - NY
LOOPS SERVED**

<u>NYNEX</u>		<u>GTE</u>	
New York	9,554,670	California	3,690,036
Massachusetts	3,602,087	Florida	1,701,372
New Hampshire	586,119	Texas	1,333,942
Maine	561,824	Indiana	720,690
Rhode Island	542,666	Illinois	704,046
Vermont	267,247	Ohio	653,630
Total	15,114,613		8,803,716
Other States	None	34 Other States	6,263,395 41.6%

NYNEX serves far more customers than GTE in each of the six NYNEX states. NYNEX is far more concentrated than GTE (87% of NYNEX's loops are in New York or Massachusetts, whereas only 36% of GTE's loops are in GTE's two largest states). Forty-two percent of GTE's loops are in states other than GTE's top six.

GTE vs Pacific Telesis

**Table A - PT
LOOPS SERVED**

	<u>Pacific Telesis</u>	<u>GTE</u>	<u>Ratio (BOC:GTE)</u>
California	13,806,525	3,690,036	3.7:1
Nevada	226,432	20,138	11.2:1
Total	14,032,957	3,710,174	3.8:1

**Table B - PT
LOOPS SERVED**

<u>Pacific Telesis</u>		<u>GTE</u>	
California	13,806,525	California	3,690,036
Nevada	226,432	Florida	1,701,372
Total	14,032,957		5,391,408
Other States	None	38 Other States	9,675,703 64.2%

GTE serves more loops in California than any other state in which GTE operates, but Pacific Telesis serves almost four times as many loops as GTE in California. Pacific Telesis describes its Nevada operating territory as "consist(ing) of sparsely populated rural areas."⁴ The Reno, Nevada, MSA (served by Pacific Telesis) contains

⁴ Source: Request of Pacific Bell and Nevada Bell for Waiver of Tariffing Requirements for Certain ONA Services, November 23, 1992.

259,405 people. In only eight of the 152 non-California, non-Florida MSAs⁵ in which GTE serves does GTE serve a population larger than the Reno, Nevada, MSA population. What to Pacific Telesis is a "sparsely populated rural area" to GTE would be one of its more populous bigger exchange areas.

⁵ GTE serves a total population of over 10,000,000 people in those 152 MSAs.

GTE vs Southwestern Bell

Table A - SW

LOOPS SERVED

	<u>Southwestern Bell</u>	<u>GTE</u>	<u>Ratio (BOC:GTE)</u>
Texas	6,806,786	1,333,942	5.1:1
Missouri	1,998,397	295,641	6.8:1
Oklahoma	1,281,387	106,608	12.0:1
Kansas	1,061,176	2,461	431.2:1
Arkansas	720,519	156,421	4.6:1
Total	11,868,265	1,895,073	6.3:1

**Table B - SW
LOOPS SERVED**

<u>Southwestern Bell</u>		<u>GTE</u>	
Texas	6,806,786	California	3,690,036
Missouri	1,998,397	Florida	1,701,372
Oklahoma	1,281,387	Texas	1,333,942
Kansas	1,061,176	Indiana	720,690
Arkansas	720,519	Illinois	704,046
Total	11,868,265		8,150,086
Other States	None	35 Other States	6,917,025 45.9%

Southwestern Bell serves over six times as many loops as GTE in the five Southwestern Bell states. Even in Texas, GTE's third largest state, Southwestern Bell serves five times as many loops as GTE. GTE's five largest states are similar to Southwestern Bell's (although spread from coast to coast), but GTE serves an additional 6.9 million loops scattered throughout thirty-five additional states.

GTE vs U S West

Table A - USW

	LOOPS SERVED		Ratio
	<u>U S West</u>	<u>GTE</u>	<u>(BOC:GTE)</u>
Colorado	1,906,658	0	-
Washington	1,904,570	589,535	3.2:1
Arizona	1,823,175	29,850	61.1:1
Minnesota	1,786,483	100,677	17.7:1
Oregon	1,015,970	381,807	2.7:1
Iowa	900,008	244,877	3.7:1
Utah	737,253	14,548	50.7:1
New Mexico	599,776	67,005	9.0:1
Nebraska	460,130	44,459	10.3:1
Idaho	366,493	86,632	4.2:1
Montana	312,278	6,245	50.0:1
South Dakota	260,222	8,070	32.2:1
North Dakota	257,140	9,747	26.4:1
Wyoming	218,744	0	-
Total	12,548,900	1,583,452	7.9:1

Table B - USW**LOOPS SERVED**

<u>U S West</u>		<u>GTE</u>	
Colorado	1,906,658	California	3,690,036
Washington	1,904,570	Florida	1,701,372
Arizona	1,823,175	Texas	1,333,942
Minnesota	1,786,483	Indiana	720,690
Oregon	1,015,970	Illinois	704,046
Iowa	900,008	Ohio	653,630
Utah	737,253	Hawaii	599,569
New Mexico	599,776	Washington	589,535
Nebraska	460,130	Michigan	514,798
Idaho	366,493	Pennsylvania	504,916
Montana	312,278	Virginia	388,974
South Dakota	260,222	Kentucky	384,010
North Dakota	257,140	Oregon	381,807
Wyoming	218,744	Wisconsin	362,729
Total	12,548,900		12,530,054
Other States	None	26 Other States	2,537,057
			16.8%

Although U S West serves significantly more customers than GTE in U S West's fourteen states, there is a great deal of similarity between the number of loops served by U S West by state and the fourteen largest states served by GTE (this ignores the 2.5 million loops served by GTE in twenty-six other states). However, there are significant differences in marketing opportunities between U S West and GTE in its fourteen largest states.

Attachment I discusses the significant marketing disadvantages GTE has compared to U S West, despite the seeming similarity of U S West to GTE's fourteen largest states.

ATTACHMENT I

The Mass Media Advertising Tax Faced by GTE

LEC franchise areas do not match the geographical characteristics of mass media (television, radio, newspaper, magazine, billboard) advertising. Therefore, it is often the case that LEC use of mass media advertising for network services results in instances where the LEC's message is presented to customers who, because of their location in another LEC's franchise area, cannot take advantage of the advertising LEC's advertised service. Because the cost of mass media advertising is directly related to the number of viewers, listeners, readers or passers-by, these "non-eligible" customers represent a direct cost, or "tax", to the advertising LEC.

The tax may be small, when the mass media coverage area contains only¹ the customers of one LEC, e.g., Honolulu (GTE) or Denver (U S West), or the tax may be large, when the LEC serves few of the customers in the mass media coverage area, e.g., Indianapolis, where GTE serves less than 2% of the customers in the Indianapolis MSA. One way to measure the size of the tax is to divide the number of non-eligible customers by the number of eligible customers.² For GTE, the Honolulu tax is 0% and the Indianapolis tax is 5803%. Obviously, GTE will rarely advertise network services in the Indianapolis mass media.

Table ADTAX-1 demonstrates that these taxes have a far greater impact on GTE than on U S West, even though an initial examination, Table B - USW from

¹ Ignoring transients.

² For this analysis, we use MSA boundaries as the mass media boundary, use population data by MSA to compute the tax estimates for GTE, and use MSA population data and statewide loop per population data to estimate the U S West tax data.

Attachment H, might indicate a high degree of similarity between U S West and GTE's fourteen largest states. Table ADTAX1 measures the impact by displaying estimates of eligible (non-tax) loops and non-eligible (tax) loops for MSAs in which the LEC (U S West or GTE) serves at least 50% of the loops in the MSA. This eliminates LEC MSAs where the tax is 100% or greater (GTE Indianapolis in the example above). This method of displaying the impact was chosen to eliminate the distortions that would be present in the GTE tax estimates by including MSAs such as Indianapolis (tax = 5803%) or Chicago (tax = 33188%). By eliminating outliers, the composite U S West tax, 20.7%, closely resembles the composite GTE tax, 19.4%, demonstrating the equity in this comparison.

The impact of the tax comparison to demonstrate marketing differences is shown in the "other" loops for U S West versus GTE's fourteen largest states. Table B - USW from Attachment H shows an almost equal number of total loops for U S West and for GTE in GTE's fourteen largest states, but Table ADTAX-1 demonstrates that GTE serves significantly more (7,344,627 versus 4,017,750) loops that carry a high mass media advertising tax (greater than 100%), or are rural (non-MSA) than does U S West, even in GTE's largest serving areas.

U S West, the most similar of the BOCs to GTE, is significantly dissimilar to GTE.